

## **WELD/LARIMER REVOLVING LOAN FUND**

Upstate Colorado Economic Development serves as the Administrator for the Weld/Larimer Revolving Loan Fund (RLF) in both Weld and Larimer counties.

### **Program Summary**

The RLF was established to assist with the financial needs of companies expanding or locating to the rural areas of Weld or Larimer counties. The program is funded through State of Colorado Federal HUD Community Development Block Grant (CDBG) allocations.

The RLF can provide short-term financing for up to 45% of project costs, and may assume a second or third collateral position in order to leverage other lender involvement. The minimum loan amount is \$50,000. Based on the financial needs of the applicant, the use of the borrowed funds and the borrower's credit history, typical terms will extend 5-7 years and interest rates will be based on the current prime rate.

Since the program was started in 1991, the RLF has loaned a total of \$7.3 million to 49 companies. These loans leveraged more than \$58.6 million in capital investment and enabled those companies to create or retain 1,078 full-time and 512 part-time jobs. Today there are 21 active loans that originally totaled \$3,998,850.

### **Program Priorities**

Any business that meets the following criteria:

- Is a private, for profit organization.
- Is located in, considering locating in, or expanding in rural Weld or Larimer County, *except* within the cities of Greeley, Fort Collins or Loveland, as those are "entitlement" cities that receive their own HUD block grants for economic development programs. (For Greeley businesses, see "Greeley Community Development Fund" page on this web site).
- Is considered to be a "base" industry (i.e. manufacturing, R&D, processing, distribution, etc.) These businesses will be given priority. However, retail or service businesses are also eligible.
- Can demonstrate that the project being funded is creating new jobs, retaining jobs, or that the principal beneficiaries of any jobs created/retained are low to moderate income persons. For each \$20,000 in RLF funds loaned to a business, one new job must be created or retained.

### **Loan/Guarantee Terms**

- Short-term financing or loan guarantee for *up to 45%* of total project costs. Remaining project costs to be funded through banks, private investors or other loan programs (SBA guaranteed loans, etc.)
- Minimum loan amount - \$50,000
- Maximum loan amount - \$500,000
- Maximum loan term 7 years (May consider loans with up to 15 year amortization schedule with a balloon payment at end of 7 years)
- Interest rates - negotiable based on the national prime rate
- Loan collateral - considered on a case-by-case basis. The RLF may assume a 2<sup>nd</sup> or 3<sup>rd</sup> position in order to leverage other lender involvement.
- Personal guarantee from the borrower required

- At least 10% of the project cost or market value must be invested by the borrower.
- Origination/closing fee equal to 2% of the loan amount or guarantee.
- Non-refundable \$100 loan application fee.

**Examples of previous RLF loans:**

\$500,000 to an organic milk dairy in South Weld County. The proceeds were used to purchase additional milk-producing cattle to expand this existing business. Coupled with commercial and bank loans totaling \$11,300,000 the total investment is now more than \$15 million. The workforce has expanded from 25 full-time positions, at the time the loan was made in 1999, to more than 50 today.

\$250,000 to an interior trim sub contractor in Larimer County and \$35,000 to a masonry sub contractor in the Windsor area of Weld County. These loans were coupled with bank loans and owners' equity to provide capital for purchase of equipment and working capital for these start up businesses. Together they now employ 43 people and plan to grow to 60 full-time positions within 5 years.

\$250,000 to a food warehouse and distribution operator, established in 1984, to expand their operations into Weld County. The loan was used for working capital to hire 16 people at their new location.

\$500,000 to a producer of custom modular homes in Weld County. This loan for equipment, inventory and working capital leveraged more than \$450,000 in bank financing and owner's equity of \$1.4 million to help create 125 full-time jobs.

See the ***RLF Application Form*** and ***RLF Application Instructions***